



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 2983 (1951-S)

March 11, 1994

SUBJECT: FmHA Participation in Mediation for Delinquent
Borrowers

TO: State Directors, District Directors and
County Supervisors

ATTN: Farmer Programs Chiefs

PURPOSE/INTENDED OUTCOME

The purpose of this Administrative Notice (AN) is to provide guidance to field offices on Agency participation in mediation requested by delinquent borrowers. There has been no previous AN on this subject.

IMPLEMENTATION RESPONSIBILITIES

If a State Certified Mediation Program exists, FmHA is required to participate and must request mediation through such a program for borrowers who do not qualify for primary loan servicing under FmHA Instruction 1951-S. This mediation with other creditors is an attempt to work out a resolution to the financial impasse which prevents a feasible plan of operation from being developed. This holds true even if FmHA is the only creditor.

If a tentative agreement cannot be implemented within the FmHA mediation representative's authorities, final approval must be obtained from the District or State Office. Unfortunately, the mediation process is often closed after the agreement is reached, but before it can be approved. Should the plan be determined ultimately unacceptable to FmHA, it is difficult and inconvenient for all involved to reopen mediation and try to resolve the problem. This can make it appear as if the Agency is refusing to cooperate in the process.

If the FmHA approval official is someone other than the Agency representative and is not present at the meeting, the Agency representative should request that the mediator keep the process open until final approval can be obtained.

EXPIRATION DATE: February 28, 1995

FILING INSTRUCTIONS:
Preceding
FmHA Instruction 1951-S



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If the approval official finds problems with the proposed solution, this will make it easier to return to the issue and resolve it.

Proposed plans must be submitted to the approval official immediately after the agreement is reached. He/she should respond by accepting or rejecting the proposal within 15 working days of the date on which the agreement is reached.

Every effort should be made to develop a plan that will provide maximum benefits to the borrower, while remaining in accord with FmHA's statutory and regulatory authorities.

Michael V. Dunn
MICHAEL V. DUNN
Administrator